IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 15678 SEPTEMBER TERM AND SESSION 1966

E. I. du PONT de NEMOURS and COMPANY, *Plaintiff-Appellant*,
v.
UNION CARBIDE CORPORATION, *Defendant-Appellee*.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

NOVEMBER 15, 1966

Before DUFFY, *Senior Circuit Judge*, KILEY and CUMMINGS, *Circuit Judges*.

DUFFY, *Senior Circuit Judge*. Plaintiff (du Pont) brought this suit against defendant (Carbide) for alleged infringement of three patents owned by du Pont. Carbide answered as to two of the patents. The third patent was United States Patent No. 3,018,189 issued to George W. Traver (Traver) on January 23, 1962, for a "Method of Conditioning Polyethylene Surfaces for the Adhesion of Materials Coated Thereon and Resulting Product." Carbide moved for summary judgment as to the Traver patent.

The District Court granted summary judgment holding Traver Patent No. 3,018,189 invalid under 35 U.S.C. § 102(b) on the ground that the invention claimed in that patent was in public use or on sale more than one year prior to the date of an effective application for the patent.

The Court held that this issue had been resolved against du Pont by findings in an earlier case in another court between the same parties, and because of the doctrine of collateral estoppel, could not be re-litigated in the case at bar.

The earlier case was a civil action brought under 35 U.S.C. § 146. It was brought to review a Patent Office decision holding Traver to be the first inventor of an invention also claimed by Carbide. The case was heard by Judge Frederick O. Mercer at Peoria, Illinois. Judge Mercer concluded, as had the Patent Office, that Traver was the first inventor. He caused judgment to be entered in favor of Traver and du Pont and against Carbide. *Union Carbide Corp.* v. *Traver Investments, Inc.*, S.D. Ill., (1965), 238 F.Supp. 540. This earlier case often is referred to in the briefs as the "Peoria case."[1] The case on which this instant appeal is based is sometimes referred to as the "Chicago case."

For many years, polyethylene film has been an important commercial plastic. Hundreds of millions of pounds have been sold annually in the United States. A typical use of the material is the transparent garment bag used by drycleaners.

Prior to 1949, it was recognized that the surface of the polyethylene film as then manufactured would not retain ink. Printed matter could be placed thereon, but the ink would flake off and wash away when exposed to moisture. The entire polyethylene industry sought to find some way to improve ink retention. All those interested regarded such retention as necessary so that orna-

[1] In the Peoria case which had been brought by another applicant against Traver and Carbide, du Pont intervened and became an additional defendant. For convenience, when the original plaintiff's complaint was dismissed, the parties were realigned by the Court to treat Carbide as the plaintiff and Traver and du Pont as the defendants. 238 F.Supp. at 540, n. 1.

mentation and advertising could be applied to and retained on the film.

In 1949, Traver conceived the idea of treating polyethylene film with the electrical discharge from a tubular gas-filled lamp, in order to make the film more ink retentive. He experimented with a metal roller, an argon-filled tubular lamp spaced from the roller, and a transformer having its secondary coil in circuit with the lamp and the roller, so as to produce an electrostatic discharge from the lamp to the roller.

Traver discovered that by passing polyethylene film over the roller and exposing it to a discharge of sufficient intensity from the lamp for a sufficient period of time, the film would retain subsequently applied printing ink.

By December 1949, Traver achieved successful treatment with a continuous-process treatment machine which was necessary for commercial exploitation. In March 1950, he delivered his first order for commercial use.

On October 26, 1950, Traver filed his earliest patent application. His claims define the invention broadly in terms of exposing the surface of polyethylene to the action of electrostatic discharge. Traver filed second and third applications in 1952 and 1953 respectively, as continuations-in-part of the 1950 application. The claims of these applications continued to define his invention as subjecting polyethylene film to the action of electrostatic discharge.

The Patent Office suggested other applicants copy Traver's Claim 16 for the purpose of setting up an interference. The other applicants did so. The Patent Office then instituted an interference proceeding to determine which applicant was the first inventor. The Adams and Wakefield application was assigned to Carbide.

Carbide moved to amend the interference issue by substituting the following claims from its own application:

"The method of treating a polyethylene body to render a surface thereof adherent to ink impressions subsequently imprinted thereon which consists of subjecting the surface of the body to high voltage electric stress accompanied by corona discharge to improve its bonding properties whereby upon printing said treated surface the ink impressions strongly adhere thereto.'"[2]

The Patent Office re-defined the issue for purpose of interference in three claims or "counts." Each of the three counts incorporated the narrower term "corona discharge." All three interfering applicants adopted these counts.

On July 25, 1960, the Board of Patent Interferences decided Traver was entitled to an award of priority of invention defined in terms of corona discharge by reason of an actual reduction to practice at least by March 4, 1950.

On November 17, 1961, Traver amended his application so as to eliminate from the claims any reference to corona discharge and to reinstate the claim language he had used in his 1950 application. Claim 36 of the amended application (later Claim 1 of the Patent) defined the invention as

"The method of treating a polyethylene body to render a surface thereof adherent to printing ink, which consists in subjecting said surface to the action of electrostatic discharge while employing an alternating current, to render said treated surface receptive and strongly adherent to printing ink."

These are the claims of the patent in suit and which are now before us.

Following the amendment, the Patent Office held that the new claims were adequately supported by the 1950

[2] "Corona" is a bluish glow sometimes noted in connection with electrical discharges when they reach a sufficient intensity.

application, which had been filed less than one year after the alleged public use, and dismissed the petition to institute public use proceedings which had been filed by one of the applicants.

Traver's 1953 application finally issued on January 23, 1962 as Patent No. 3,018,189. In the meantime, suit had been brought in Peoria under 35 U.S.C. § 146 to review the action of the Patent Office with respect to the interference, seeking a judicial determination that Carbide's applicants and not Traver were the first inventors.

Although Judge Mercer decided the issue before him, *i.e.*, priority, in favor of Traver, his opinion indicates that at some time or times during the ten-day trial, he had some doubts on the subject. During the trial, Carbide continuously and strenuously attempted to persuade the Court that Traver had not been the first inventor of the corona discharge process.

Judge Mercer's opinion describes his doubts, and although he resolved them in favor of Traver, he made certain observations or findings in the process of resolving them that became the basis for Carbide's motion for summary judgment, as well as the basis for the decision of the District Court in the instant case, which determined that such findings in the Peoria case created a collateral estoppel in the case at bar.

Judge Mercer stated—"At first blush one wonders why the corona discharge principle was not part of the first Traver application if, in fact, the process had been conceived and reduced to practice by him."

Judge Mercer further stated—"Digressing, it seems singular that the Traver Corp. employees kept no log or record of their experimentation with the process. That fact, coupled with the fact to which allusion was previously made, that Traver's 1950 application described an unworkable method, tends to cast doubt upon the credibility, or memory, of the Traver Corp. employees

above mentioned." However, as stated heretofore, Judge Mercer resolved his doubts in favor of Traver.[3]

With the judgment in its favor, du Pont did not appeal. However, it took exception to the statement "that Traver's 1950 application described an unworkable method." Its motion to strike this statement was denied.

As stated, the District Court, in the instant case, applied the rule of collateral estoppel in determining that the patent in issue was in public use more than one year prior to the date of an effective application for the patent. The Court below relied on a "finding" in the Peoria case, which hereinbefore has been stated.

A finding must be essential to a judgment before it can be given collateral estoppel effect in a later suit. The Supreme Court has stated:

> "That doctrine [collateral estoppel] makes conclusive in subsequent proceedings only determinations of fact, and mixed fact and law, that were essential to the decision."

Yates v. *United States,* 354 U.S. 298, 336. See also, *1B Moore, Federal Practice* ¶0.441(2) at 3777 (2d ed. 1965).

The issue that was litigated in the Peoria case was whether the Patent Office had erred in determining that Traver was the first to reduce to practice the invention described in the interference counts. Judge Mercer said, in his opinion—"No other issue can arise in this litigation until and unless it be determined that plaintiff [Carbide] is entitled to prevail." Of course, Carbide did not prevail. Judge Mercer's opinion continued—"No

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[3] This doubt was disspelled by other evidence, Judge Mercer said, particularly by the testimony of Carbide employees that one of them had visited Traver's place of business in December 1949 and had twice been shown the Traver machine and process in successful operation, and had carried news of the development back to Carbide management.

issue can arise as to the sufficiency of the Traver application or as to the validity of the Traver patent. The scope of the proceeding is limited by the provisions of the statute."

Carbide's counsel do not accept the rule of essentiality to the judgment. They refer to it as a "text writer's rule" and quote from opinions of the Second Circuit by Judge Learned Hand. However, in *Harries* v. *Air King Products Co.*, 2 Cir. (1950), 183 F.2d 158, 161, Judge Hand said:

> "In *Electrical Fittings Corp.* v. *Thomas & Betts Co.*, 2 Cir., 100 F.2d 403, we held that, after deciding that a defendant did not infringe a claim, we need not pass upon a finding of the district court that it was valid. This we held because the finding had not been necessary to the judgment and for that reason would not be an estoppel, and would not therefore prejudice the defendant."

In granting Traver's motion to strike from Carbide's complaint all allegations and prayers that the Traver patent was subject to a public use bar under 35 U.S.C. § 102(b), Judge Mercer said:

> "Neither the legal sufficiency of the Traver application nor the validity of the patent issued thereon is an issue in this case. . . . Plaintiff . . . may not litigate the validity of its opponent's patent under Section 146."

Carbide, in effect, argues for a broader interpretation of collateral estoppel than heretofore has been sanctioned by the courts. Carbide argues that the estoppel effect of Judge Mercer's decision should be determined not solely by the judgment which was entered in that case, but also by the issues that he decided. Carbide also argues that du Pont, although the winning party in the Peoria case, could have had an appellate review of the adverse finding made by Judge Mercer.

We disagree with these contentions of Carbide's counsel. We think the doctrine of collateral estoppel has been erroneously applied by the District Court in this case.

We think Judge Mercer did not intend to and did not deal with the question of whether Traver's 1952 application was a valid continuation-in-part of his 1950 application. Judge Mercer repeatedly stated that he would not deal with issues relating to the validity of the Traver patent.

Judge Mercer's interest in Traver's 1950 application was not its sufficiency under 35 U.S.C. §§ 112 or 120, but whether, as urged by Carbide, it cast sufficient doubt on the credibility of Traver's witnesses to warrant disbelieving them. It is difficult to believe that Judge Mercer was determining that Traver's 1950 application was deficient for continuation-in-part purposes when he expressly stated he would not rule on that question.

We hold it was error for the District Court in this case to grant summary judgment for Carbide upon a suit claiming infringement of the Traver patent.

The judgment of the District Court is reversed and remanded for further proceedings not inconsistent with this opinion.

REVERSED AND REMANDED.

E. I. duPONT de NEMOURS & CO.,
Plaintiff,

v.

UNION CARBIDE CORP., Defendant.

No. 65 C 651.

United States District Court
N. D. Illinois, E. D.

Feb. 11, 1966.

MAROVITZ, District Judge.

Motion of Defendant for Summary Judgment as to Traver Patent.

This is a three-part patent infringement suit filed by plaintiff duPont, pursuant to Sections 271, 281, Title 35, U.S.C., for injunctive relief arising out of the alleged infringement by defendant of:

1) U.S. Letters Patent No. 2,632,921, a Method For Improving The Bonding Properties Of Polyethylene Plastics (Kreidl patent);

2) U.S. Letters Patent No. 2,648,097, a Method Of Securing Decorative Matter To A Surface Of A Polyethylene Body (Kritchever patent); and

3) U. S. Letters Patent No. 3,018,189, a Method Of Conditioning Polyethylene Surfaces For The Adhesion Of Materials Coated Thereon And Resulting Product (Traver patent), all of which are now owned by plaintiff.

Defendant has moved for summary judgment under Rule 56 of the Federal Rules of Civil Procedure with regard to the Traver Patent (No. 3 above), asserting that said patent is invalid, the purported invention having been in public use and on sale in this country more than one year prior to the date on which a covering patent was applied for in the United States. See Section 102(b), Title 35, U.S.C. In support of its motion, defendant ini-

tially directs the Court's attention to prior litigation between these parties, under Section 146, Title 35, U.S.C., in the Southern District of Illinois, Union Carbide Corporation v. Traver Investments, Inc. and E. I. duPont de Nemours & Co., 238 F.Supp. 540, wherein it is asserted Judge Mercer, while ruling on priority of invention, held: (1) that Traver's first application for a patent in 1950 did not disclose a successful process, the method described therein being unworkable; (2) that Traver's invention, the corona discharge process of treating polyethylene, was discovered as early as 1949 and was in commercial use in March of 1950; and (3) that the earliest valid patent application disclosing the Traver invention in a workable manner was filed in 1952, more than a year after the 1950 commercial public use thereof.

Defendant therefore contends that by virtue of Judge Mercer's findings in the prior suit between the parties, plaintiff is collaterally estopped from relitigating the same matters herein; and that said litigation having led to judicial determination of all genuine factual issues which would arise before this Court, defendant is entitled to summary judgment as to the Traver patent as a matter of law.

We must agree. While plaintiff sustained its burden before the Patent Office and Judge Mercer by proving that Traver was the prior inventor, it was forced to rely on evidence that the invention was reduced to practice and commercially manufactured by March 4, 1950. (See Decision of the Board of Patent Interferences, Defendant's Ex. D.) Indeed, plaintiff's own Answer and opening statement in the Peoria (Southern District) case (Defendant's Exhibits G, H) clearly admit such prior sale:

> "* * * because Traver commenced, on March 4, 1950, more than one year prior to the filing of the cross-complainant's (Union Carbide) aforesaid U. S. Patent Application * * * to sell and thereafter continu-

> ously sold to customers printed polyethylene bags embodying material treated in accordance with the process defined in the Counts in the interference * * *." (Excerpt from defendant's Answer in Southern District litigation, Ex. G, p. 4.)

Judge Mercer was convinced by these arguments and clearly held that the corona discharge method of treatment, at issue here, was reduced to practice in the latter part of 1949 (238 F.Supp. 540, 545), and that Traver began commercial production in 1950, delivering orders of printed bags in that year (238 F.Supp. 540, 544). Thus, when the Court subsequently found that Traver was not entitled to the benefit of his 1950 filing date for his invention, duPont's fate herein was sealed. Judge Mercer's ruling on this second issue was unequivocal, as well, holding, in support of the Board of Patent Interferences, that although Traver had completed his invention in 1949, his 1950 application did not disclose the corona discharge method but, rather, described an unworkable process and was, therefore, invalid:

> "It is incontestable upon the evidence adduced that successful treatment of polyethylene in air is achieved only by conditions creative of corona discharge. Traver's 1950 application did not disclose the corona principle. Thus, I see no error in the Court's conclusory finding that the 1950 application described an unworkable process." (See Defendant's Ex. M.)

With this as a background, we need only establish the applicability of collateral estoppel, and apply Judge Mercer's findings to the provisions of Section 102(b) to sustain defendant's motion.

It is clear, to this Court's satisfaction, that the material facts underlying defendant's motion for summary judgment are facts which have been judicially determined, with finality, between these parties, in the Peoria litigation. In Cromwell v. County of Sac, 94 U.S. 351, 24 L.Ed. 681 (1876), a much cited case in this area,

Mr. Justice Field of the United States Supreme Court clearly announced the doctrine of collateral estoppel, stating that a prior judgment between the same parties, on a different cause of action is an estoppel:

> "* * * as to those matters in issue or points controverted, upon the determination of which the finding or verdict was rendered. In all cases, therefore, where it is sought to apply the estoppel of a judgment rendered upon one cause of action to matters arising upon a different cause of action, the inquiry must always be as to the point or question actually litigated and determined in the original action, not what might have been thus litigated and determined."

See also Lawlor v. National Screen Service, 349 U.S. 322, 326, 75 S.Ct. 865, 867, 99 L.Ed. 1122 (1955):

> "Under the doctrine of collateral estoppel * * * such a (prior) judgment precludes relitigation of issues actually litigated and determined in the prior suit, regardless of whether it was based on the same cause of action as the second suit."

As a subquestion, therefore, we must decide whether the material facts supporting defendant's motion herein were "actually litigated and determined" in the Peoria case by Judge Mercer. We hold that they were. It is clear, to begin, that the fact of commercial public use of the Traver invention in 1950 was vital to duPont's proof of priority on behalf of Traver in the earlier litigation. As discussed above, the public use question was put in issue by the pleadings, presented to the Court by duPont's counsel, and was made a principal basis for the decision in Traver's favor. It is also apparent that Traver relied on his 1950 application as an alternative ground to support his claim for priority, and that Judge Mercer specifically found that said application described an unworkable process and did not adequately disclose the invention.

It appears that the ghosts of plaintiff's successes in Peoria have returned to haunt its house.

There must be an end as well as a beginning to litigation. Stoll v. Gottlieb, 305 U.S. 165, 172, 59 S.Ct. 134, 83 L.Ed. 104 (1938). The orderly administration of justice requires that the matters once put in issue and determined by a Court of competent jurisdiction shall not be retried between the same parties, Johnson Co. v. Wharton, 152 U.S. 252, 257, 14 S.Ct. 608, 38 L.Ed. 429 (1894). This Court has no desire to, and cannot set itself up as an appellate tribunal to review Judge Mercer's decision, Singer v. A. Hollander & Son, (3rd Cir., 1953) 202 F.2d 55. We must therefore hold that plaintiff is collaterally estopped from disputing the truth of those material facts determined by Judge Mercer.

We must turn then to the controlling statutory section (Section 102 (b), Title 35, U.S.C.). A patent is void under that enactment whenever it appears that the patentee's invention was "in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." This "statutory bar" is not discretionary, but, rather, constitutes an absolute rule designed to limit the commercial advantages of patent monopoly in the public interest. Abandonment of the invention in favor of the public is deemed conclusively established by operation of law and the issued patent must be declared void. Elizabeth v. Pavement Co., 97 U.S. 126, 134, 24 L.Ed. 1000 (1877). Indeed, a patented process is considered to be in public use when it is commercially exploited by a sale of the product manufactured thereunder alone.

Accepting Judge Mercer's findings, this Court must conclude that the invention at issue was in public use and on sale more than one year prior to the 1952 application for the Traver patent. While Traver filed his initial application on October 26, 1950 (Defendant's Ex. C), Judge Mercer found that the method disclosed therein was not the corona discharge treating process placed in commercial use and, moreover, was itself unworkable.

Thus, if plaintiff is to prevail, it must be on its theory that the 1952 application was a "continuation in part" of the 1950 effort and therefore is entitled to the benefits of the earlier filing date under Section 120, Title 35, U.S.C. This question was not specifically reached by Judge Mercer, as he was limited to interference issues under Section 146. However, we can, by reference to his announced findings, resolve this matter in favor of defendant, as well, without need for an evidentiary hearing.

Under Section 120, a patentee would be entitled to treat the 1952 application as if it were filed in 1950, only if the earlier document disclosed the invention "in the manner provided by the first paragraph of section 112." Indeed, prior to the enactment of Section 120 in 1952, a long line of case law held that while "continuation" applications were occasionally entitled to an earlier effective filing date, Godfrey v. Eames, 68 U.S. 317, 17 L.Ed. 684 (1863), the original application must contain sufficient disclosure to support the claims made therein. See Philip A. Hunt Co. v. Mallinckrodt Chemical Works, (2d Cir., 1949) 177 F.2d 583; Van Der Horst Corp. v. Chromium Corp. (D.C.N.Y., 1951) 98 F.Supp. 412, 429-430, aff'd., (2d Cir., 1952) 197 F.2d 791. With the enactment of the Patent Code of 1952, these decisions were codified in Section 120, which, as alluded to above, demanded that the prior application meet the requirements of Section 112 as to sufficiency of disclosure, and that the second application cover an invention disclosed in the original.

In the opinion of this Court, plaintiff must fail on both counts. Initially, it is clear that under Judge Mercer's decision, plaintiff failed to meet the full disclosure requirements of Section 112, in that an "unworkable" process cannot be said to have been described "in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains * * * *to make* and use the same." (emphasis added). See Beidler v. United States, 253 U.S. 447, 40 S.Ct. 564, 64 L.Ed. 1006

(1920); and Lorenz v. Berkline Corp., (D.C.Ill., 1963) 215 F.Supp. 869, wherein Chief Judge William Campbell of this District stated, in point:

> "Applicant in a continuation-in-part application is not entitled to the benefit of the filing date of an earlier patent application if the disclosure in the earlier application is inoperative."

Thus, in the light of Judge Mercer's finding that the 1950 application discloses an unworkable process, we must conclude that the initial requirement of Section 120 has not been met.

Similarly, we are convinced that the second application does not disclose the same "invention" as that described in the 1950 document, placing it outside the "continuity" requirements of Section 120, which codified the existing case law: National Hairdressers Ass'n. v. Philad Co., (D.C.Del., 1941) 41 F.Supp. 701, aff'd., (3rd Cir., 1942) 129 F.2d 1020; Hazeltine Research v. General Motors Corp., (6th Cir., 1948) 170 F.2d 6, 10.

It is clear from Judge Mercer's decision that the two applications are not continuous, and disclose different matter. For, surely an invention which has admittedly been used commercially, as plaintiff's, cannot be considered identical to that found by the Court to lack the critical "corona discharge process" and to be "unworkable." Thus, we hold as a matter of law that Traver's 1952 application was not a valid continuation-in-part of the 1950 document.

Plaintiff's response to the summary judgment motion, particularly the affidavits submitted with regard to the "workability" of the 1950 application, must be overridden by the collateral estoppel doctrine discussed above. As the Seventh Circuit Court of Appeals stated in Florasynth Laboratories v. Goldberg, (7th Cir., 1951) 191 F.2d 877 at 880:

> "It is fundamental that material facts or questions judicially determined in one action by a judgment

> may not be tried in a subsequent action between the same parties or their privies, whether the second action is upon the same or a different cause of action as the earlier action. * * *"

Plaintiff had its day in court. To demonstrate prior reduction to practice in the interference proceeding, du-Pont chose to reveal a 1950 commercial use. Then, to plaintiff's dismay, the 1950 disclosure was found to be unworkable. The pleadings and proofs posed these issues for Judge Mercer in the Southern District of Illinois, and he decided them. Plaintiff, having won a "hollow" victory, petitioned the Court there for modification, pursuant to Rule 59, with regard to the finding of "unworkability," and was free to appeal the decree denying that motion. See Walker v. Bank of America, (9th Cir., 1959) 268 F.2d 16, 25. Having failed to do so, plaintiff cannot now ask this Court to assume the role of a reviewing tribunal.

We therefore conclude (1) that plaintiff is precluded under the doctrine of collateral estoppel from raising again the issues decided by Judge Mercer in the Southern District of Illinois litigation between these parties; (2) that the decision rendered by Judge Mercer resolves all genuine factual issues with regard to the enforceability of the Traver patent; and (3) that defendant is entitled to summary judgment on Paragraphs 8 and 9 of the Complaint, inasmuch as the Traver patent sued on therein is invalid as a matter of law, pursuant to the public use provisions of Section 102(b), Title 35 U.S.C.

UNION CARBIDE CORPORATION,
Plaintiff,

v.

TRAVER INVESTMENTS, INC., & E. I.
duPont de Nemours & Company,
Defendants.

Civ. A. P-2445.

United States District Court
S. D. Illinois, N. D.

ORDER

It is incontestable upon the evidence adduced that successful treatment of polyethylene in air is achieved only by conditions creative of corona discharge. Traver's 1950 application did not disclose the corona principle. Thus I see no error in the Court's conclusory finding that the 1950 application described an unworkable process.

Defendants' motion for modification of the Court's decision is therefore denied.

Entered this 25th day of March, 1965.

FREDERICK O. MERCER,
United States District Judge.